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Tangipahoa Communication District No. 1 Tangipahoa Parish Council

Annual Financial Statements December 31, 2004 and 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-27-05

**Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana**

**Annual Financial Statements
December 31, 2004 and 2003**

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**Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana**

**Annual Financial Statements
December 31, 2004 and 2003**

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Independent Auditor's Report

Mr. John Ballard, Chairman
and Members of the Board of Commissioners
Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana 70422

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tangipahoa Communication District No. 1 (hereinafter referred to as the "District"), a component unit of the Tangipahoa Parish Council, Louisiana as of December 31, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Tangipahoa Communication District No. 1 as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1 to the financial statements, the District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of January 1, 2003.

BRUCE HARRELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Mr. John Ballard, Chairman
and Members of The Board of Commissioners

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The Management's Discussion and Analysis and the other Required Supplemental Information on pages 7 through 11 and pages 33 through 34, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information on pages 36 through 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

June 28, 2005

Required Supplemental Information (Part I)

Management's Discussion and Analysis

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Management's Discussion and Analysis

Introduction

Tangipahoa Communication District No. 1 is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the District's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets for the year were \$1,240,933 at December 31, 2004, and exceeded liabilities in the amount of \$1,200,820, (i.e., net assets). Of the total net assets, \$1,177,782 was unrestricted and available to support short-term operations, with the balance of \$23,038 Invested in Capital Assets.
- Telephone charges for the fiscal year ending December 31, 2004 remained relatively constant increasing to \$800,143 representing an increase of 5.18% from the total telephone charges of \$760,765 for the fiscal year ending December 31, 2003.
- The District's program expenses increased by \$16,841 to \$510,802 as compared to \$493,961 for the prior fiscal year. The increase is due primarily to increases in salaries and related costs of \$9,069, equipment rental charges of \$4,058, and cellular costs of \$10,957.
- Interest income for the fiscal year ended December 31, 2004, totaled \$22,439 representing an increase of \$3,489 from the prior fiscal year.
- As a result of the demand for services, and long-range plans of the Tangipahoa Communication District No. 1, the District is in the process of overseeing the construction of a new "911" communication center.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Tangipahoa Communication District No. 1's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Assets, and the Statement of Activities. The Statement of Net Assets provides information about the nature and amount of the District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Activities, accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year.

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Management's Discussion and Analysis

This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The Notes to the Financial Statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any.

Supplementary information includes a comparative budget schedule, key information schedules on operation of the District, and schedules detailing audit findings and management response.

Financial Analysis

The purpose of financial analysis is to help determine whether Tangipahoa Communication District No. 1 is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Assets, and the Statement of Activities, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Statement of Net Assets

	December 31, 2004	December 31, 2003	Dollar Change	Percent Change
Current and Other Assets	\$ 1,217,895	\$ 1,611,272	\$ (393,377)	-24.41%
Capital Assets	23,038	36,927	(13,889)	-37.61%
Total Assets	<u>\$ 1,240,933</u>	<u>\$ 1,648,199</u>	<u>\$ (407,266)</u>	-24.71%
Current Liabilities	\$ 40,113	\$ 34,494	\$ 5,619	16.29%
Other Liabilities	-	-	-	-
Total Liabilities	<u>40,113</u>	<u>34,494</u>	<u>5,619</u>	16.29%
Invested in Capital Assets, Net of Related Debt	23,038	36,927	(13,889)	-37.61%
Unrestricted	1,177,782	1,576,778	(398,996)	-25.30%
Total Net Assets	<u>1,200,820</u>	<u>1,613,705</u>	<u>(412,885)</u>	-25.59%
Total Liabilities and Net Assets	<u>\$ 1,240,933</u>	<u>\$ 1,648,199</u>	<u>\$ (407,266)</u>	-24.71%

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Management's Discussion and Analysis

The major components of change for "Current and Other Assets" are a \$402,422 decrease in cash and certificates of deposit, less an increase in receivables.

"Capital Assets decreased by \$13,889, reflecting \$840 in total purchases for equipment less the depreciation recorded on capital assets of \$14,729 for the fiscal year ending December 31, 2004.

"Total Net Assets" (total assets less total liabilities) decreased by \$412,885 for the fiscal year ending December 31, 2004, primarily because of the decreases to cash of \$402,422 related to commitments for construction of a new "911" communications center.

Statement of Activities

	December 31, 2004	December 31, 2003	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 800,143	\$ 760,765	\$ 39,378	5.18%
Intergovernmental Revenue	29,206	27,677	1,529	5.52%
General Revenues:				
Interest Income	22,439	18,950	3,489	18.41%
Miscellaneous Income	1,129	949	180	18.97%
Total Revenues	<u>852,917</u>	<u>808,341</u>	<u>44,576</u>	5.51%
Program Expenses:				
Communication District Services	510,802	493,961	16,841	3.41%
Transfers to Other Governments	755,000	2,900	752,100	259.34%
Total Program Expenses	<u>1,265,802</u>	<u>496,861</u>	<u>768,941</u>	154.76%
Change in Net Assets	-412,885	311,480	-724,365	-232.56%
Net Assets, Beginning	1,613,705	1,302,225	311,480	23.92%
Net Assets, Ending	<u>\$ 1,200,820</u>	<u>\$ 1,613,705</u>	<u>\$ -412,885</u>	-25.59%

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Activities provides answers to the nature and scope of these changes. The above table gives an indication of how Tangipahoa Communication District No. 1 is being conservatively managed. The main category of Program Revenues (Charges for Services) remained fairly constant, increasing by \$39,378 (5.18%) to \$800,143 at December 31, 2004. Program Expenses for Communication District Services also remained relatively constant, increasing by \$16,841 to a total of \$510,802 at December 31, 2004. The category of Transfers to Other Governments represents the District's commitment to providing funding for a new 911 communication facility that will be under the ownership of the Tangipahoa Parish Council.

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Management's Discussion and Analysis

General Fund Budgetary Highlights

Tangipahoa Communication District No. 1 adopts an annual operating budget in accordance with requirements of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues, and actual expenditures did not exceed budgeted expenditures by 5%. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. The analysis of budget variances refers to the following schedules included as Required Supplementary Information, following the footnotes to the financial statements:

- Schedule 1 - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund - Year Ended December 31, 2004
- Schedule 2 - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund - Year Ended December 31, 2003

For the years ending December 31, 2004 and 2003, actual revenues exceeded the original and final budgeted revenues by \$89,417 in 2004 and by \$32,841 in year 2003.

For the years ending December 31, 2004 and 2003, actual expenditures were less than the original and final budgeted expenditures by \$26,787 in 2004 and by \$132,681 in year 2003.

The Transfers to Other Governments category includes the District's commitment of funds for the new 911 facility.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2004 amounts to \$23,038 (\$125,953 cost less \$102,915 accumulated depreciation). Depreciation expense was \$14,729 for the fiscal year ending December 31, 2004. The total capital asset cost does not include the District's commitment of funds for construction of a new 911 communications facility since the eventual ownership of the facility must be by the Tangipahoa Parish Council. There were no major capital asset events during the current year.

The following table provides a summary of the District's capital assets at the end of the current year as compared to the prior year. For more detailed information, see Note 5 to the financial statements.

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Management's Discussion and Analysis

Capital Assets
December 31, 2004 and 2003

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Furniture & Equipment	\$ 71,020	70,180
Vehicles	33,279	33,279
Leasehold Improvements	4,770	4,770
Maps	16,884	16,884
	<u>\$ 125,953</u>	<u>\$ 125,113</u>

Other Factors Affecting the District

The District's management approach is conservative. The board attempts to provide mandated services while consistently showing a budget surplus. The funds committed to the development of a new "911" communication facility were accumulated since the origination of the District and demonstrate a long-term commitment to serving users and providing quality services.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens and taxpayers with a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Tangipahoa Communication District No. 1, Post Office Box 505, Amite, Louisiana 70422, telephone (985) 748 - 4470.

Basic Financial Statements

Government-Wide Financial Statements

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Statement A

Statement of Net Assets

	<u>2004</u>	<u>2003</u>
Assets		
Cash and Cash Equivalents	\$ 1,080,321	\$ 1,482,743
Telephone Charges Receivable	137,574	128,529
Capital Assets, Net	<u>23,038</u>	<u>36,927</u>
Total Assets	<u>1,240,933</u>	<u>1,648,199</u>
Liabilities		
Current Liabilities:		
Accounts Payable	16,686	12,514
Accrued Salaries Payable	4,177	2,550
Accrued Vacation Payable	4,230	2,643
Accrued Payroll Taxes Payable	-	2,563
Due to Others	38	-
Deferred Revenue	<u>14,982</u>	<u>14,224</u>
Total Current Liabilities	<u>40,113</u>	<u>34,494</u>
Net Assets		
Invested in Capital Assets	23,038	36,927
Unrestricted	<u>1,177,782</u>	<u>1,576,778</u>
Total Net Assets	<u>\$ 1,200,820</u>	<u>\$ 1,613,705</u>

The accompanying notes are an integral part of these statements.

**Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana**

Statement B

**Statement of Activities
For the Years Ended December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Program Expenses		
Communication District Services	\$ 510,802	\$ 493,961
Transfer to Other Governments	<u>755,000</u>	<u>2,900</u>
Total Expenses	<u>1,265,802</u>	<u>496,861</u>
Program Revenues		
Telephone Charges	800,143	760,765
Intergovernmental Revenue	<u>29,206</u>	<u>27,677</u>
Total Program Revenues	<u>829,349</u>	<u>788,442</u>
General Revenues		
Interest Earned	22,439	18,950
Miscellaneous	<u>1,129</u>	<u>949</u>
Total General Revenues	<u>23,568</u>	<u>19,899</u>
Total Revenues	<u>852,917</u>	<u>808,341</u>
Change in Net Assets	-412,885	311,480
Net Assets, Beginning	<u>1,613,705</u>	<u>1,302,225</u>
Net Assets, Ending	<u>\$ 1,200,820</u>	<u>\$ 1,613,705</u>

The accompanying notes are an integral part of these statements.

Basic Financial Statements

Fund Financial Statements

**Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana**

Statement C

**Balance Sheet - Governmental Fund
December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Assets		
Cash and Cash Equivalents	\$ 1,080,321	\$ 1,482,743
Telephone Charges Receivable	<u>137,574</u>	<u>128,529</u>
Total Assets	<u>\$ 1,217,895</u>	<u>\$ 1,611,272</u>
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	\$ 16,686	\$ 12,514
Accrued Salaries Payable	4,177	2,550
Accrued Vacation Payable	4,230	2,643
Accrued Payroll Taxes Payable	-	2,563
Due to Others	38	-
Deferred Revenue	<u>14,982</u>	<u>14,224</u>
Total Liabilities	<u>40,113</u>	<u>34,494</u>
Fund Equity:		
Fund Balance:		
Unreserved	<u>1,177,782</u>	<u>1,576,778</u>
Total Fund Equity	<u>1,177,782</u>	<u>1,576,778</u>
Total Liabilities and Fund Equity	<u>\$ 1,217,895</u>	<u>\$ 1,611,272</u>

The accompanying notes are an integral part of these statements.

**Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana**

Statement D

**Reconciliation of the Governmental Fund Balance Sheet to
the Statement of Net Assets
December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Fund Balances, Governmental Funds	\$ 1,177,782	\$ 1,576,778

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and
are therefore not reported in the governmental funds. These assets consist of:

Capital assets, net of depreciation	23,038	36,927
Net Assets, Governmental Activities	<u>\$ 1,200,820</u>	<u>\$ 1,613,705</u>

The accompanying notes are an integral part of these statements.

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund Type - General Fund
For the Two Years Ended December 31, 2004

	<u>2004</u>	<u>2003</u>
Revenues		
Telephone Charges	\$ 800,143	\$ 760,765
Intergovernmental Revenue	29,206	27,677
Interest Earned	22,439	18,950
Miscellaneous	1,129	949
Total Revenues	<u>852,917</u>	<u>808,341</u>
Expenditures		
Auto Expense	3,542	4,086
Auto Insurance	1,849	1,661
Capital Outlay	840	7,376
Cellular	55,925	44,968
Dues & Periodicals	518	347
Employee Benefits	31,353	34,150
Employee Training	1,979	1,233
Equipment & Line Rental	123,146	119,088
Equipment Maintenance	279	5,297
Insurance	3,707	3,383
Licenses	575	-
Map Expense	705	-
Miscellaneous	2,259	932
Office Expense	3,431	4,275
Official Journal	300	250
Payroll Taxes	18,536	18,044
Professional Services	-	3,500
Salaries	237,660	226,229
Telephone	7,683	8,071
Uniforms	788	35
Workers' Compensation	1,838	1,894
Total Expenditures	<u>496,913</u>	<u>484,819</u>
Excess of Revenues Over Expenditures	<u>356,004</u>	<u>323,522</u>
Other Financing Sources (Uses)		
Transfer to Other Governments	-755,000	-2,900
Total Other Financing Sources (Uses)	<u>-755,000</u>	<u>-2,900</u>
Change in Fund Balance	-398,996	320,622
Fund Balance, Beginning of Year	1,576,778	1,256,156
Fund Balance, End of Year	\$ <u><u>1,177,782</u></u>	\$ <u><u>1,576,778</u></u>

The accompanying notes are an integral part of these statements.

**Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana**

Statement F

**Reconciliation of the Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Two Years Ended December 31, 2004**

	2004	2003
Net Change in Fund Balance, Governmental Funds	\$ <u>-398,996</u>	\$ <u>320,622</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:</p>		
Capital outlay	840	7,376
Depreciation expense	-14,729	-16,518
Change in Net Assets, Governmental Activities	\$ <u><u>-412,885</u></u>	\$ <u><u>311,480</u></u>

The accompanying notes are an integral part of these statements.

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Notes to the Financial Statements
December 31, 2004 and 2003

Introduction

The Tangipahoa Communication District No. 1 was created by an ordinance of the Tangipahoa Parish Council on June 10, 1986, pursuant to the provisions of Louisiana Statute (LSA-RS) 33:9101-9106. The Communication District was organized to acquire and maintain the facilities and equipment necessary to provide emergency telephone response service (911) to residents of the entire parish of Tangipahoa, Louisiana. As a result of a three year study of the proposed "911" emergency service, it was recommended that the Communication District Board of Commissioners be appointed, and that an election call be made. On August 13, 1990, the Tangipahoa Parish Council adopted Ordinance No. 26 of 1990 amending Ordinance 86-6A Section III, establishing a Communication District and providing for appointment of the Board of Commissioners in the following manner:

- 1 member nominated by the Parish governing authority
- 1 member nominated by the Tangipahoa Parish Sheriff's Office
- 1 member nominated by the Parish hospitals
- 1 member nominated by the Municipal Law Enforcement Agencies
- 1 member nominated by the Rural Fire Protection Districts
- 1 member nominated by the City Fire Protection Districts
- 1 member nominated by the Ambulance Services

On November 6, 1990, the voters of the Communication District approved a levy on telephone service, necessary to implement Emergency 911 (E911) services to citizens of Tangipahoa Parish. As of December 31, 2004, the Communication District has nine full-time employees, and eight to ten part-time employees. As of December 31, 2004, the Communication District facilities are located at the Amite Courthouse, Amite, Louisiana.

Pursuant to Act 1029 of the Regular Session of the Legislature, the Communication District is authorized to establish an emergency telephone service charge of 85 cents per wireless user/per month for users of CMRS (Commercial Mobile Radio Service) who can access the 911 telephone system. The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communication Commission in Matter #94-102. Phase I of the FCC Matter requires the implementation of necessary enhancements that will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the communication district (911 communications center) when such a caller accesses the 911 system. Proceeds from the monies collected pursuant to Act 1029 will be used first for payment of wireless service suppliers and the district's costs associated with the implementation of enhancements required in Phase I, allowing the District to receive the telephone number of the device accessing the 911 system. As delineated within the Act, each district shall enter a cooperative endeavor agreement with each wireless service supplier to implement the enhancements required by FCC Matter 94-102. The District is currently in Phase I of implementation. The District notified each service supplier by certified letter that the Board of Commissioners, by resolution, had levied the emergency telephone service charge. At December 31, 2000, only one service provider, Bell South, had executed a cooperative agreement with the Communication District. As of December 31, 2004, an additional four providers have executed the required cooperative agreements. The District is still in negotiations with the other carriers. The service suppliers have been remitting the wireless service

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
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Notes to the Financial Statements
December 31, 2004 and 2003

charges collected from the wireless CMRS, but service charges have not been paid to service suppliers that have not executed a cooperative agreement, since no district shall make payment of a service suppliers' costs associated with the implementation of Phase I enhancements required by such an order unless there is a cooperative endeavor agreement between the district and supplier.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Tangipahoa Communication District No. 1 (hereinafter referred to as the "District") have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

B. Reporting Entity

The District is a component unit of the Tangipahoa Parish Council, the financial reporting entity. The Parish Council is financially accountable for the district because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish council, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District's only fund, the general fund, is classified as a governmental type activity.

The statement of activities and changes in net assets demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Notes to the Financial Statements
December 31, 2004 and 2003

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements. The District has no proprietary funds.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

User charges for telephone service and interest associated with the current fiscal period are all considered to be *susceptible to accrual and so have been recognized as revenues of the current fiscal period*. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following governmental fund:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has no business-type activities or enterprise funds.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. The primary source of program revenues are telephone user charges to support "911" communication services. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, if any.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

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E. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Communication District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. Receivables and Revenue

Telephone service fees are recorded in the year the fees are charged. Telephone service fees are charged monthly to the customer's telephone bill by various telephone companies. The telephone companies remit the collections to the District in the subsequent month.

G. Capital Assets

Capital assets, which include machinery, equipment, vehicles, and facility improvements are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

All capital assets of the District are depreciated using the straight-line method over the following useful lives:

Leasehold Improvements	20 Years
Maps	10 Years
Vehicles	5 Years
Furniture and Equipment	5 - 10 Years

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Notes to the Financial Statements
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H. Compensated Absences

The Communication District has the following policy relating to vacation and sick leave:

Each full-time employee shall be entitled to vacation leave with pay. Vacation leave shall accrue in accordance with the following schedule of continuous service:

After Completing One Year	1 Week
After Completing Two Years	2 Weeks
After Completing Five Years	3 Weeks

All vacation leave must be approved by the applicable Supervisor and reported on time sheets.

After ninety days of employment, employees earn four hours of sick leave for each two week pay period worked until a maximum of 180 days have been accumulated. Sick leave is not paid to the employee under any circumstances.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. Net Assets

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, requires classification of net assets, the difference between the District's assets and liabilities, into three components, as described below:

1. Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset calculation as unspent proceeds.
2. Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. As of December 31, 2004, the District had no recorded restricted net assets.
3. Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Tangipahoa Communication District No. 1
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Notes to the Financial Statements
December 31, 2004 and 2003

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

L. Use of Estimates

The preparation of financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

M. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance, and Accountability

The Communication District prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The annual budget was not amended for the fiscal years 2004 and 2003. A summary of the budget practices of the Communication District are as follows:

1. The Communication District's treasurer prepares the annual budget and submits the proposed budget to the Board of Commissioners no later than fifteen days prior to the beginning of the next fiscal year. The budgets for the fiscal years 2003 and 2004, were presented to the Board of Commissioners on November 25, 2002 and November 20, 2003, respectively.
- 2) A summary of the proposed budget is published in the official journal and the public is notified that the proposed budget is available for inspection. At the time the proposed budget is published, a public hearing is also scheduled. The proposed budget was published on December 4, December 11, and December 18 of 2002 for fiscal year 2003, and on December 3, December 10, and December 17 of 2003 for fiscal year 2004.
- 3) A public hearing, at least 10 days subsequent to publishing the notice, is held on the proposed budget. The public hearing date was December 23, 2002 for the fiscal year 2003 budget, and December 18, 2003 for the 2004 budget.

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- 4) After holding the public hearing and taking all action necessary to finalize and implement the budget for the ensuing fiscal year, the proposed budget is formally adopted by the Board of Commissioners. The proposed budgets for 2003 and 2004 were adopted by the Board of Commissioners on December 23, 2002, and December 18, 2003, respectively.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

3. Cash and Cash Equivalents

At December 31, 2004, the Communication District has cash and cash equivalents totaling \$1,080,321, as follows:

Interest-bearing demand deposit	\$ 25,321
Time deposit	<u>1,055,000</u>
	\$ <u><u>1,080,321</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2004, the Communication District has \$1,289,216 in deposits (collected bank balances). Deposits are secured from risk by \$200,000 of federal deposit insurance and \$1,089,216 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

4. Receivables

The Communication District had only one class of receivable at December 31, totaling \$137,574 and consisting of telephone charges due from cellular and land line providers.

Tangipahoa Communication District No. 1
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Notes to the Financial Statements
December 31, 2004 and 2003

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2004 follows:

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Capital Assets Being Depreciated:				
Furniture & Equipment	\$ 70,180	\$ 840	\$ -	\$ 71,020
Vehicles	33,279	-	-	33,279
Leasehold Improvements	4,770	-	-	4,770
Maps	16,884	-	-	16,884
Total Capital Assets Being Depreciated	125,113	840	-	125,953
Less Accumulated Depreciation:				
Furniture & Equipment	54,880	7,170	-	62,050
Vehicles	18,969	6,656	-	25,625
Leasehold Improvements	2,385	239	-	2,624
Maps	11,952	664	-	12,616
Total Accumulated Depreciation	88,186	14,729	-	102,915
Capital Assets Being Depreciated, Net	\$ 36,927	\$ -13,889	\$ -	\$ 23,038

Depreciation of \$14,729 was charged for communication district service activities for the fiscal year ending December 31, 2004.

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**Notes to the Financial Statements
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6. Deferred Compensation

The Tangipahoa Communication District No. 1 offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all Communication District employees, permits them to defer a portion of their salaries until future years. No portion of this deferred compensation is paid by the Communication District.

The deferred compensation benefits are not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are the sole ownership of the participants. The Communication District has no financial or fiscal responsibility to the deferred compensation plan.

7. Compensated Absences

At December 31, 2004, employees of the Communication District have accumulated and vested \$4,230 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The total amount of \$4,230 accrued vacation leave is recorded as an obligation of the general fund. Although vacation leave cannot be carried forward, the liability for vacation leave is recorded since leave is accrued on an annual basis based on the date the employee was hired.

8. Litigation and Claims

At December 31, 2004, the Communication District is not in litigation or aware of any claims.

9. Intergovernmental Agreement

On June 29, 2000, Tangipahoa Communication District No. 1 entered into an intergovernmental agreement with the St. Helena Parish 911 Communications District, the St. Helena Parish Police Jury, and the St. Helena Parish Sheriff for the provision of emergency 911 services. The agreement was renewed for a one-year period, and subsequently renewed for a one-year period beginning on July 1, 2004 and ending June 30, 2005.

The renewed contract through June 30, 2005 provides for the following.

1. This agreement shall be for a period of one year beginning on July 1, 2004 and terminating at mid-night on June 30, 2005.
2. In return for payment of those amounts set forth herein and the terms of this, answer all 911 lines for and on behalf of the St. Helena Parish 911 Communications District. The Tangipahoa Communication District No. 1 will act solely as an answering point and will transfer out to the proper agency or party all emergency calls, but only emergency calls.

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3. The Tangipahoa Communication District No. 1 shall transfer all law enforcement emergency calls to the St. Helena Parish Sheriff's Office for handling by the St. Helena Parish Sheriff's Department and such other appropriate law enforcement agencies as the St. Helena Parish Sheriff's Department deems appropriate.
4. Tangipahoa Communication District No. 1 shall transfer all emergency calls relating to fire and/or rescue to the St. Helena Parish Sheriff's Department for handling by the St. Helena Parish Sheriff's Department and such fire departments and/or rescue services as the St. Helena Parish Sheriff's Department deems appropriate.
5. The Tangipahoa Communication District No. 1 shall transfer all emergency medical calls to Acadian Ambulance Service, Inc.
6. The Tangipahoa Communication District No. 1 shall transfer all emergency calls relating to hazardous material, state road closure and /or accidents on state highways not involving either injury, fire or the need for immediate response to the Louisiana State Police Troop L. In the event of Hazardous material spill or other emergency, the St. Helena Parish Sheriff's office will also be notified.
7. The only agencies the Tangipahoa Communication District No. 1 will be transferring emergency 911 calls for the St. Helena Parish 911 Communications District are the St. Helena Parish Sheriff's Department, Acadian Ambulance Service, and Louisiana State Police Troop "L".
8. The St. Helena Parish 911 Communication District shall be responsible for assuring that the St. Helena Parish Sheriff's Department, Acadian Ambulance Service, Inc., and Louisiana State Police Troop "L" answer the transferred calls and shall be responsible for assuring that these agencies properly handle the response to these calls.
9. The parties agree that should either the St. Helena Parish Sheriff's Department, Louisiana State Police Troop "L" and/or Acadian Ambulance Service, Inc., fail to answer the emergency 911 call, this contract shall at the option of the Tangipahoa Communication District No. 1, be terminated.
10. The St. Helena Parish Sheriff shall at no cost or expense accept all responsibility for answering emergency 911 calls transferred to it by the Tangipahoa Communication District No. 1 on an around the clock basis. Furthermore, in addition to being available to answer these calls twenty-four (24) hours a day, seven (7) days per week, the St. Helena Parish Sheriff agrees to be responsible for responding to these calls and/or notifying the proper fire departments, Acadian Ambulance Service, Inc. and/or the Louisiana State Police Troop "L".
11. St. Helena Parish 911 Communication District agrees to pay the salary of one (1) additional employee for the Tangipahoa Communication District No. 1, at \$27,203 for one year. The Tangipahoa Communication District No. 1's hiring process will remain unchanged. Applications for the additional employee would be taken at the Tangipahoa 911 Center on third floor (3rd) of the Courthouse Building, Bay Street, Amite, Louisiana. Interviews will be conducted by the Tangipahoa Communication District No. 1 Operation Supervisor and final employment will be the sole discretion of the Tangipahoa Communication District No. 1.

Tangipahoa Communication District No. 1
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Notes to the Financial Statements
December 31, 2004 and 2003

12. *St. Helena Parish 911 Communication District agrees to pay for two (2) additional trunk lines to handle the Century Telephone Company telephone lines. The estimated costs of these trunk lines for one (1) year total \$2,760.00 but in any case, all cost for these telephone trunk lines will be paid by the St. Helena Parish 911 Communication District.*
13. *St. Helena Parish 911 Communication District will pay the estimated costs due the Tangipahoa Communication District No. 1 being \$29,963.00 on or before July 1, 2004.*
14. *St. Helena Parish 911 Communication District and the St. Helena Parish Police Jury shall be responsible for naming, signing and addressing all of the roads in St. Helena Parish.*
15. *St. Helena Parish 911 Communication District shall be responsible for maintaining data on road names and addresses and providing this information and regular updates thereof to the St. Helena Sheriff, Acadian Ambulance, Louisiana State Police Troop "L", the Tangipahoa Communication District No. 1, Town of Greensburg, Village of Montpelier and each of the volunteer fire districts serving St. Helena Parish.*
16. *St. Helena Parish 911 Communication District shall provide and be financially responsible for its own initial trunk line charges and database load, along with its own monthly trunk line charges.*
17. *St. Helena Parish 911 Communication District shall be responsible for addressing in the parish and providing addressing information to the public and the various telephone companies.*
18. *The fees, expenses and costs provided for herein shall be subject to renegotiation should this contract be renewed after June 30, 2005. Any future renegotiation or renewal of this contract shall include any pay raise due or paid to the added full time employee.*
19. *In the event that the St. Helena Parish 911 Communication District desires to renew this agreement, it must notify both the St. Helena Sheriff and the Tangipahoa Communication District in writing on or before May 1, 2005 and obtain their written approval of the renewal of this contract. During any renewal, the provisions of this contract dealing with salary costs are subject to renegotiation and in the event St. Helena Parish 911 emergency calls reach a ratio of fifteen (15) per cent or greater of the total calls, the Tangipahoa Communication District No. 1 can, at its option, require the funding of additional employee salaries.*
20. *Tangipahoa Communication District No. 1 can cancel this agreement and the related services to the St. Helena Parish 911 upon ninety (90) days written notice. In the event that this contract is canceled, the Tangipahoa Communication District No. 1 shall refund a pro rata share and portion of the employee salary costs for this year and any unused portion of the telephone trunk line cost.*
21. *Each party agrees to provide to the other, any and all necessary information requested by the other within a reasonable period of time, not to exceed fifteen (15) days.*
22. *The St. Helena Parish 911 Communication District agrees to hold harmless, indemnify and protect the Tangipahoa Communication District No. 1 from any and all liability arising out of it providing the services outlined herein excepting for its own failure to act or respond specifically including but not limited to, liability caused by the St. Helena Parish 911 Communications District and/or the St. Helena Parish Sheriff's*

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Notes to the Financial Statements
December 31, 2004 and 2003

Department.

23. The St. Helena Parish Police Jury acknowledges that it has authorized the St. Helena Parish 911 Communication District to enter into this said agreement.

The total of \$29,963 was received by the Tangipahoa Communication District #1 and recorded as deferred revenue and amortized evenly over the period of the agreement. At December 31, 2004, the balance in deferred revenue is \$14,982.

10. Designated Fund Balance

For the fiscal year ending December 31, 2004, the Board of Commissioners of the Tangipahoa Communication District No. 1 had designated a total of \$900,000 as reserved for construction of a new "911" facility. Since this designation represents an internally imposed restriction, the amount designated for capital improvements is included within the category of unrestricted fund balance.

11. Subsequent Events

The Tangipahoa Communication District No. 1 was in the process of overseeing the construction of a new "911" facility at fiscal year end, with construction completed during April 2005 at a cost of approximately \$1.1 million. The building, in accordance with applicable law for communication districts, was bid through the Tangipahoa Parish Council, with the council retaining the rights of ownership.

Required Supplemental Information (Part II)

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
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Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget Favorable (Unfavorable)
Revenues	Original	Final		
Telephone Charges	\$ 720,000	\$ 720,000	\$ 800,143	\$ 80,143
Intergovernmental Revenue	28,000	28,000	29,206	1,206
Interest Earned	15,000	15,000	22,439	7,439
Miscellaneous	500	500	1,129	629
Total Revenues	<u>763,500</u>	<u>763,500</u>	<u>852,917</u>	<u>89,417</u>
Expenditures				
Auto Expense	4,000	4,000	3,542	458
Auto Insurance	1,800	1,800	1,849	-49
Capital Outlay	1,200	1,200	840	360
Cellular	60,000	60,000	55,925	4,075
Dues & Periodicals	500	500	518	-18
Employee Benefits	40,000	40,000	31,353	8,647
Employee Training	3,000	3,000	1,979	1,021
Equipment & Line Rental	125,000	125,000	123,146	1,854
Equipment Maintenance	6,000	6,000	279	5,721
Insurance	3,500	3,500	3,707	-207
Licenses	-	-	575	-575
Map Expense	-	-	705	-705
Miscellaneous	2,200	2,200	2,259	-59
Office Expense	4,500	4,500	3,431	1,069
Official Journal	1,000	1,000	300	700
Payroll Taxes	19,000	19,000	18,536	464
Salaries	240,000	240,000	237,660	2,340
Telephone	8,500	8,500	7,683	817
Uniforms	1,000	1,000	788	212
Workers' Compensation	2,500	2,500	1,838	662
Total Expenditures	<u>523,700</u>	<u>523,700</u>	<u>496,913</u>	<u>26,787</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>239,800</u>	<u>239,800</u>	<u>356,004</u>	<u>116,204</u>
Other Financing Sources (Uses)				
Transfer to Other Governments	<u>-755,000</u>	<u>-755,000</u>	<u>-755,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-755,000</u>	<u>-755,000</u>	<u>-755,000</u>	<u>-</u>
Change in Fund Balance	-515,200	-515,200	-398,996	116,204
Fund Balance, Beginning of Year	<u>1,576,782</u>	<u>1,576,778</u>	<u>1,576,778</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,061,582</u>	<u>\$ 1,061,578</u>	<u>\$ 1,177,782</u>	<u>\$ 116,204</u>

The accompanying notes are an integral part of these statements.

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
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Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget Favorable (Unfavorable)
Revenues	Original	Final		
Telephone Charges	\$ 723,000	\$ 723,000	\$ 760,765	\$ 37,765
Intergovernmental Revenue	28,000	28,000	27,677	-323
Interest Earned	24,000	24,000	18,950	-5,050
Miscellaneous	500	500	949	449
Total Revenues	<u>775,500</u>	<u>775,500</u>	<u>808,341</u>	<u>32,841</u>
Expenditures				
Auto Expense	4,000	4,000	4,086	-86
Auto Insurance	1,500	1,500	1,661	-161
Capital Outlay	100,000	100,000	7,376	92,624
Cellular	70,000	70,000	44,968	25,032
Dues & Periodicals	500	500	347	153
Employee Benefits	36,000	36,000	34,150	1,850
Employee Training	3,000	3,000	1,233	1,767
Equipment & Line Rental	122,000	122,000	119,088	2,912
Equipment Maintenance	6,000	6,000	5,297	703
Insurance	3,500	3,500	3,383	117
Miscellaneous	2,500	2,500	932	1,568
Office Expense	4,500	4,500	4,275	225
Official Journal	1,500	1,500	250	1,250
Payroll Taxes	18,000	18,000	18,044	-44
Professional Services	3,500	3,500	3,500	-
Salaries	230,000	230,000	226,229	3,771
Telephone	8,000	8,000	8,071	-71
Uniforms	1,000	1,000	35	965
Workers' Compensation	2,000	2,000	1,894	106
Total Expenditures	<u>617,500</u>	<u>617,500</u>	<u>484,819</u>	<u>132,681</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>158,000</u>	<u>158,000</u>	<u>323,522</u>	<u>165,522</u>
Other Financing Sources (Uses)				
Transfer to Other Governments	<u>-2,900</u>	<u>-2,900</u>	<u>-2,900</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-2,900</u>	<u>-2,900</u>	<u>-2,900</u>	<u>-</u>
Change in Fund Balance	155,100	155,100	320,622	165,522
Fund Balance, Beginning of Year	<u>1,256,156</u>	<u>1,256,156</u>	<u>1,256,156</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,411,256</u>	<u>\$ 1,411,256</u>	<u>\$ 1,576,778</u>	<u>\$ 165,522</u>

The accompanying notes are an integral part of these statements.

Supplemental Information

Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana

Schedule 3

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2004

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

<u>NAME</u>	<u>Amount</u>
John Ballard, Chairman	\$ -
Dwain Meche, Vice-Chairman	-
James D. Stevens, Secretary-Treasurer	-
Roddy Devall, Commissioner	-
Cindy Fannaly, Commissioner	-
Darrell Michael Commissioner	-
Paul Pevey, Commissioner	\$ -

(Continued)

See Independent Auditor's Report.

Tangipahoa Communication District No. 1
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Amite, Louisiana

Schedule 3

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2004

<u>Board of Commissioners</u>	<u>Address</u>	<u>Term of Office</u>
John Ballard, Chairman	Office of Emergency Preparedness 66295 Hwy. 1054 Kentwood, LA 70444 (985) 748-9476	Expires June, 2006
Dwain Meche, Commissioner	Acadian Ambulance Service 10 Amar Drive Hammond, LA 70401 (800) 259-333	Expires June, 2005
James D. Stevens, Secretary-Treasurer	Amite Fire Department 603 N. 2 nd Street Amite, LA 70422 (985) 748-9412	Expires June, 2005
Roddy Devall, Commissioner	Hammond Police Department P O Box 2021 Hammond, LA 70401 (985) 542-3505	Expires June, 2008
Cindy Fannaly, Commissioner	North Oaks Medical Center 425 S. Eighth Street Ponchatoula, LA 70454 (985) 230-6512	Expires June, 2006
Darrell Michael, Commissioner	Tangipahoa Parish Sheriff's Office 208 Hardy St. Amite, LA 70422 (985) 748-3370	Expires June, 2005
Paul Pevey, Commissioner	Ponchatoula Fire Department 600 West Willow Street Ponchatoula, LA 70454 (985) 386-9581	Expires June, 2008

(Concluded)

See Independent Auditor's Report.

**Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana**

Schedule 4

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2004**

Section I - Internal Control and Compliance Material to the Financial Statements

Reference Number: 2000-1

Year Initial Finding Occurred: Fiscal year ending December 31, 2000.

Description of Finding:

At December 31, 2000, the Communication District has \$608,878 in deposits (collected bank balances). The deposits are secured from risk by \$200,000 of federal deposit insurance and \$227,418 of pledged collateral, with the remaining balance of \$181,460 not secured by a pledge of collateral. We recommend that collateral be pledged for unsecured bank balances, as required by state law.

Corrective Action Planned (Response by Management):

Recommended action was taken and bank accounts were properly collateralized at fiscal year end.

Corrective Action Taken: Final

Section II - Internal Control and Compliance Material to Federal Awards

No findings for Section II.

Section III - Management Letter

Reference Number: 2002-M1

Year Initial Finding Occurred: Fiscal year ending December 31, 2002.

Description of Finding:

During the fiscal year ending December 31, 2001, the Legislative Auditor's Office reviewed allegations involving the collection of cash for sale of 911 maps. The Communications District responded to the investigation and to a change in the director's position by implementing controls for the collection of map revenues. The Communications District does not accept cash; the amounts received are listed on a tabulation

(Continued)

**Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana**

Schedule 4

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2004**

sheet signed by employees; each total on the tabulation sheet is traceable to a bank deposit total. However, it appears that partly in response to the Legislative Auditor inquiry, the Board of Commissioners transferred additional fiscal responsibilities to a part-time accountant. Mail is opened by the part-time accountant, deposits are prepared, and entries are made in the general ledger system to record the receipt of funds. In addition, responsibility was delegated by the Board of Commissioners for management and signing for Certificate of Deposit renewals and new issues. Whereas each transaction reviewed during the audit process was supported by detailed summary ledgers and supporting documentation, we recommend that the Communications District further segregate responsibility for collection of funds, and management of investments. Specifically, we recommend that management to the extent possible, segregate duties for the receipt of mail, tabulating mail receipts, making deposits, and recording deposits in the general ledger. We further recommend that Certificate of Deposit transactions be specifically authorized by board action and that a board member sign the necessary documents to renew certificate of deposits and/or issue new certificates of deposit.

Corrective Action Planned (Response by Management):

Management has corrected the deficiencies in internal control.

Corrective Action Taken: Final

(Concluded)

**Tangipahoa Communications District No. 1
Tangipahoa Parish Council
Amite, Louisiana**

Schedule 5

**Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2004**

Section I - Internal Control and Compliance Material to the Financial Statements

No Findings for Section I.

Section II - Internal Control and Compliance Material to Federal Awards

No findings for Section II.

Section III - Management Letter

Reference Number: 2004M-1

Description of Finding:

During the review of payroll documentation, we noted that the director is on call 24 hours and is not required to punch a time clock. Although we understand that the duties of the position require response after normal working hours, the board is responsible for ensuring that documentation exists to support time worked for all employees. Such a procedure would provide the necessary justification for time worked and would standardize the payroll reporting process for a key employee. We recommend that the board implement procedures to document that the director meets the minimum work week requirements as determined by the District.

Corrective Action Planned (Response by Management):

The board will review this recommendation and will implement the recommended procedures.

Anticipated Completion Date: September 30, 2005.

Contact Person:

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mr. John Ballard, Chairman
and members of The Board of Commissioners
Tangipahoa Communication District No. 1
Tangipahoa Parish Council
Amite, Louisiana 70422

We have audited the general purpose financial statements of the Tangipahoa Communication District No. 1, as of December 31, 2004 and 2003, and have issued our report thereon dated June 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tangipahoa Communication District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Communication District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported as a management finding within the Corrective Action Plan for Current Year Audit Findings as reference number 2004-M1.

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Mr. John Ballard, Chairman
and Members of The Board of Commissioners

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This report is intended for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Bruce Harrell & Co." with a period at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 28, 2005